

## **4260 Department of Health Services**

<b>Issue</b>	<b>Description</b>	<b>Senate</b>	<b>Assembly</b>	<b>Difference</b>	<b>Conference Action</b>
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### **4260-001-0001 Department of Health Services—State Support**

<b>057</b>	<b>Delete Assessment Funding for Continuous Skilled Nursing Pilot Project.</b>	-125,000	0	125,000	
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Senate deleted \$250,000 for an independent assessment of the Continuous Skilled Nursing Pilot Project because the assessment will not be required until 2004-05. (\$125,000 payable from Item 4260-001-0890).

Assembly approved as budgeted.

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
316	DHS Request for East End Rent.	0	231,000	231,000	

Senate deleted \$231,000 (General Fund) from the May Revision request of \$625,000 (total funds) to fund a rent increase for the DHS to move into Building 172 which was to previously be occupied by the State Department of Education who subsequently declined the move. The Senate did approve the special fund appropriation piece.

(\$156,000 payable from Item 4260-001-0075, and \$238,000 payable from Item 4260-0890).

Assembly approved as proposed at the May Revision.

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
088	<b>State Positions for Disease Management Pilot Program.</b>	116,000	279,000	163,000	
	Senate approved three of the requested seven positions at May Revision for a cost of \$374,000 (total funds) to begin implementation of a Disease Management Pilot Program that is anticipated to produce Medi-Cal savings in 2005-06. (\$258,000 payable from Item 4260-001-0890).				
	Assembly approved as proposed the May Revision for total expenditures of \$756,000 (total funds).				

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Issue	Description	Senate	Assembly	Difference	Conference Action
053	<b>State Positions for Estate Recovery</b>  Senate deleted eight positions from the budgeted fifteen positions to conduct more estate recovery activities pertaining to the Medi-Cal Program for savings of \$491,000 (total funds).  (Reduction of \$368,000 from Item 4260-001-0890).  Assembly approved as proposed all fifteen positions.	-123,000	0	123,000	

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Issue	Description	Senate	Assembly	Difference	Conference Action
054	<b>State Positions for Complaint and Fingerprint Investigation.</b>  Senate deleted fifteen of the budgeted nineteen positions to conduct more complaint and fingerprint investigations of staff at long-term care nursing homes. (Reduction of \$645,000 from Item 4260-001-0890).  Assembly approved as budgeted all 19 positions for total expenditures of about \$1.3 million (total funds).	-646,000	0	646,000	

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Issue	Description	Senate	Assembly	Difference	Conference Action
066	<b>State Positions for Drug Cost Reductions in Medi-Cal Program</b>	342,000	342,000	0	
	Senate approved the May Revision request for fourteen positions to perform Therapeutic Category Reviews and assist in clearing the backlog of aged drug rebate disputes, but made the eleven positions for the aged drug rebate disputes three-year limited-term. (\$1,024,000 payable from Item 4260-101-0890). Assembly approved the fourteen positions as requested.				

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Issue	Description	Senate	Assembly	Difference	Conference Action
085	<b>State Positions for Conlan Lawsuit.</b>  Senate approved 16 positions for the Conlan Lawsuit as contained in the May Revision but increased the salary savings level to 25 percent to account for a phase-in of staff. (\$776,000 payable from Item 4260-001-0890).  Assembly approved as proposed the May Revision for total expenditures of almost \$2.1 million (total funds).	776,000	1,033,000	257,000	

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
427	<b>Eliminates Consultant Outreach Contract for the Genetically Handicapped Persons Program (GHPP).</b>	-61,000	0	61,000	

Senate approved three positions as proposed to make cost-containment changes to the GHPP, but denied a consultant contract to develop information pamphlets and assist with stakeholder meetings.

(Reduction of \$39,000 from Item 4260-001-0890).

Assembly approved as proposed.



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Issue	Description	Senate	Assembly	Difference	Conference Action
428	<b>State Positions for California Children's Services (CCS) &amp; GHPP.</b>	-87,000	0	87,000	
	Senate deleted two of the requested five positions and redirected one existing position to make cost containment changes to the CCS Program. (Reduction of \$58,000 from Item 4260-001-0890).				
	Assembly approved as proposed.				

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
221	<b>State Positions for Possible State Fair Hearings Due to New Expedited Process.</b>	-523,000	0	523,000	

Senate deleted six of the requested eight positions for the DSS to conduct expedited state fair hearings for the DHS pertaining to requirements contained in the Balanced Budget Act of 1997.

(Reduction of \$522,000 from Item 4260-001-0890).

Assembly approved as proposed.

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Issue	Description	Senate	Assembly	Difference	Conference Action
412	<b>Federal Bioterrorism Funding for the State and Local Entities.</b>  Senate approved 76 positions but only half, or \$28.9 million, of the DHS request to use new federal bioterrorism funds for state support in order to compel the DHS to craft an expenditure plan with local entities, including what portion of these funds are to be allocated to local entities. (\$28,912,000 payable from Item 4260-001-0890).  Assembly approved as proposed at the May Revision.	0	0	0	

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<b>Issue</b>	<b>Description</b>	<b>Senate</b>	<b>Assembly</b>	<b>Difference</b>	<b>Conference Action</b>
<b>309</b>	<b>Restoration of Infant Botulism Program, including State Positions.</b>	0	0	0	
	Senate approved (1) the May Revision to provide about \$3.6 million in federal bioterrorism funds and four state positions to restore the Infant Botulism Program, and (2) Budget Bill Language expressing the Legislature's intent for these funds to count solely towards the state's share of the available federal funds, not the local entities share. (\$3,153,000 payable from Item 4260-001-0890).				
	Assembly approved the May Revision but not any Budget Bill Language.				

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
440	<b>Informational Materials for the Newborn Hearing Program.</b>  Senate approved the Governor's elimination of funding for informational materials provided in the Newborn Hearing Program.  Assembly backfilled with General Fund support to continue these informational materials.	0	290,000	290,000	
420	<b>Trailer Bill Language—Sale and Use of PC-SPES.</b>  Assembly adopted trailer bill language to require the DHS to allow the distribution, sale and use of any product that contains the contaminant-free formula of ingredients contained in PC-SPES, as used to treat prostate cancer. This language is similar to that contained in AB 421.	0	0	0	

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
100	<b>State Positions for Expanded Medi-Cal Anti-Fraud Efforts.</b>	3,856,000	10,700,000	6,844,000	
	Senate (1) approved funding for 99.5 positions from the May Revision request of 315 positions to implement and expand Medi-Cal anti-fraud efforts, and (2) rejected proposed trailer bill language in order to have the legislation proceed through the policy committee process. (\$6,826,000 payable from Item 4260-101-0890).				
	Assembly approved as proposed the May Revision request of \$27 million (total funds) to fund 315 positions.				

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
201	<b>Trailer Bill Language—Quality Improvement Assessment Fee on Medi-Cal Managed Care Plans.</b>	0	0	0	
	Senate approved the DHS proposed trailer bill language to implement a Quality Improvement Assessment Fee on Medi-Cal Managed Care Plans.				
	Assembly denied the proposed trailer bill language in order to discuss the language in Conference Committee.				

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
442	<b>Restore Funding for Cancer Research.</b>  Senate (1) provided \$12.5 million (\$6.250 million General Fund and \$6.250 million in private funds) to continue the Cancer Research Program, and (2) adopted trailer bill language to require the DHS to actively pursue seeking private foundation funds for this purpose. (\$12,500,000 payable from Item 4260-001-0589).  Assembly approved the Governor's budget which eliminated funding for the program.	0	0	0	



## 4260 Department of Health Services

Issue	Description	Senate	Assembly	Difference	Conference Action
448	<p><b>Proposition 50 Water Bond-- Redirected Water Security Federal Funds from the DHS to the Department of Water Resources.</b></p> <p><i>(Will Conform to Item 4260-111- 0001, Issues 419, 422, 423, and 448).</i></p> <p>Senate approved the budget as proposed to provide two positions and related operating expenses to the DHS for water security functions as contained in Proposition 50.</p> <p>Assembly deleted the requested DHS state support and redirected the \$350,000 (special fund) in funds for one year only to the Department of Water Resources to be used for water security.</p>	0	0	0	

## 4260 Department of Health Services

Issue	Description	Senate	Assembly	Difference	Conference Action
4260-002-0001	Department of Health Services—Transfer to the Cancer Research Fund				
442	<b>Restore Funding for Cancer Research.</b> (General Fund Transfer to Item 4260-001-0589). <i>(Conforms to Item 4260-001-0001, Issue 442).</i>  Senate re-established the Cancer Research Fund to continue the Cancer Research Program at \$12.5 million (total funds) of which \$6.250 million is General Fund support transferred from this item to backfill for the Governor's elimination of funding.  Assembly approved the Governor's budget which eliminated funding for the program.	6,250,000	0	6,250,000	

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
4260-010-0942	Department of Health Services—Special Deposit Fund Transfer to General Fund				
444	Terminate Special Deposit Fund Account and Transfer Remaining Funds to the General Fund.	-4,700,000	0	4,700,000	

Senate terminated Special Deposit Fund number 0942-14 and transferred the unencumbered balance of \$4.7 million to the General Fund as an offset since the original purpose for the establishment of the special fund had been fulfilled.

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
4260-011-0001	Department of Health Services—General Fund Loan for Genetic Disease Testing Fund				
450	General Fund Loan for the Genetic Disease Testing Fund to Support an Information Technology Change.	0	5,300,000	5,300,000	

Assembly provided a loan of \$5.3 million to the Genetic Disease Testing Fund to support information technology changes needed in the Genetic Disease Testing Program. The loan is to be repaid by June 30, 2009.

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
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**4260-101-0001 Department of Health Services—Medi-Cal Program, Local Assistance**

<b>058</b>	<b>Reflect Rate Reduction for Dental Procedure—Technical Adjustment.</b>	-2,600,000	0	2,600,000	
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Senate reduced by \$2.6 million to reflect a reduction in the rate paid for Subgingival Curettage and Root Planning which was enacted in SB 26 (x), Statutes of 2003 and should have been reflected in the May Revision for dental services provided to pregnant women.

Assembly approved as budgeted.

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
062	<b>Trailer Bill Language—Anti-Hemophiliac Blood Factor Product.</b>	-1,225,000	-1,225,000	0	
	Senate adopted the May Revision to save \$2.4 million (total funds) by changing the reimbursement methodology used in Medi-Cal for anti-hemophiliac blood factor products. (Reduction of \$1,225,000 from Item 4260-101-0890).				
	Assembly approved the savings but denied the trailer bill language and directed the DHS to work with interested parties.				

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
063	<b>Trailer Bill Language--Change the Reimbursement Methodology for Durable Medical Equipment.</b>	-1,600,000	-1,600,000	0	
	Senate approved the May Revision savings of \$3.2 million (total funds) to change the reimbursement methodology for durable medical equipment, but rejected the trailer bill language in order to send it to Conference Committee. (Reduction of \$1,600,000 from Item 4260-101-0890).				
	Assembly also adopted the savings but rejected the trailer bill language in order to have the DHS discuss the language with interested parties.				

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
065	<b>Trailer Bill Language— Utilization Limits on Laboratory Services.</b>	-4,518,000	-4,518,000	0	

Senate approved the May Revision as proposed to obtain net savings of \$8.3 million (total funds) by placing limits on the number of certain laboratory procedures occurring within a set period of time.

(Reduction of \$3,764,000 from Item 4260-101-0890).

Assembly approved the savings level but rejected the trailer bill language and directed the DHS to work out language with interested parties.



**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
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066	<b>Aged Drug Rebates Owed to the State.</b>	-35,430,000	-15,430,000	20,000,000	
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Senate approved the May Revision to provide 11 new positions to collect a backlog of drug rebate revenues owed to the state, but assumed a collection rate of 35 percent for additional savings of \$20 million (General Fund), versus the DHS collection rate of only 20 percent.

(Reduction of \$35,430,000 from Item 4260-101-0890).

Assembly approved the May Revision.

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
267	<b>Elimination of Second Year of Transitional Medi-Cal Program.</b>	0	1,974,000	1,974,000	
	Senate concurred with the Governor's budget to eliminate the second year of Transitional Medi-Cal coverage. The first year of coverage would still be provided.				
	Assembly rejected the Governor's proposal and backfilled with General Fund support.				

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
103	<b>Trailer Bill Language—One Month Bridge from Medi-Cal to Healthy Families and Date of Healthy Families Program (HFP) Parental Waiver.</b>  Senate (1) approved the Administration's language to have a one-month bridge from the Medi-Cal Program to the HFP, versus the existing two months, and (2) modified their language as to when the bridge would extend back to two months to conform with existing state statute (Section 12693.755 of Insurance Code) regarding the HFP Parental Waiver implementation.  Assembly approved the Administration's trailer language as crafted.	0	0	0	

## **4260 Department of Health Services**

<b>Issue</b>	<b>Description</b>	<b>Senate</b>	<b>Assembly</b>	<b>Difference</b>	<b>Conference Action</b>
<b>104</b>	<b>Trailer Bill Language— Utilization and Payment Controls on Selected Services.</b>  Senate approved the Governor's budget to save \$76 million (\$38 million General Fund) by implementing controls in four specific areas—(1) limiting laboratory rates related to contracting; (2) deleting obsolete Medi-Cal codes; (3) restricting procedure codes to limit a provider's ability to cause secondarily referred services to be billed, and (4) linking reimbursement to the net purchase price of certain products, including medical supplies, incontinence supplies, durable medical equipment and others.  Assembly approved the savings but rejected the trailer bill language and directed the DHS to work with interested parties to resolve issues.	0	0	0	

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
New Issue	Augmentation for Private Trauma Care Centers.		4,900,000	4,900,000	
	Assembly augmented by \$9.8 million (\$4.9 million General Fund) the DHS appropriation to provide support for private sector trauma care centers and adopted trailer bill language for this purpose.				

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
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**4260-111-0001 Department of Health Services—Public Health, Local Assistance**

<b>412</b>	<b>Budget Bill Language—Federal Bioterrorism Funds for Local Assistance.</b>	0	0	0	
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Senate approved the May Revision to provide a minimum of \$25 million in federal bioterrorism funds for local assistance, but rejected the DHS request to approve Budget Bill Language that would enable the state to shift funds from local assistance back to state support for expenditure.

(\$25,025,000 payable from Item 4260-111-0890).

Assembly approved the May Revision as proposed.

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
311 424 & 446	<p><b>Modifications to the AIDS Drug Assistance Program (ADAP).</b></p> <p>Senate modified ADAP by (1) adopting the May Revision to provide an increase of \$2.834 million federal funds and to reduce by \$8.2 million General Fund support which is offset by an equal amount of increased drug rebate funds, (2) increasing by an additional \$8.933 million in drug rebate funds, (3) providing up to \$7 million in additional General Fund support by allowing for the transfer of funds from the HIV Therapeutic Monitoring Program to ADAP, and (4) establishing the HIV Therapeutic Monitoring Program in statute.</p> <p>(\$2,834,000 payable from Item 4260-111-0890 and \$8,933,000 payable from increased drug rebate reimbursements).</p> <p>Assembly modified ADAP by (1) increasing by \$2.834 million federal funds as proposed by the May Revision, (2) rejecting the \$8.208 million General Fund offset from the drug rebates as contained in the May Revision, (3) increasing by an additional \$2.5 million in drug rebates, and (4) increasing by \$16.849 million in additional General Fund support, including \$5 million to fund the costs of Fuzeon.</p>	-8,208,000	8,641,000	16,849,000	

**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
419	<b>Proposition 50 Water Bond</b>	0	0	0	
422	<b>Funding—Actions Affecting the</b>				
423	<b>DHS.</b>				
&					
448	Senate adopted (1) the Administration's proposal for Proposition 50 water bond funding affecting the DHS, including water security and safe drinking water, and (2) trailer bill language to implement Proposition 50 requirements, including water security and safe drinking water provisions.				
	Assembly (1) redirected \$9.910 million (special funds) in water security bond funds from the DHS to the Department of Water Resources, and (2) adopted trailer bill language to provide the DHS with guidance in implementing Proposition 50.				



**4260 Department of Health Services**

Issue	Description	Senate	Assembly	Difference	Conference Action
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**4260-295-0001 Department of Health Services—Local Mandates Funding**

<b>413</b>	<b>Suspension of Local Mandates.</b>	0	2,000	2,000	
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Senate adopted the May Revision to suspend payment for Sudden Infant Death Syndrome (SIDS) notices and contacts to be conducted by local health officers as contained in state statute.

Assembly rejected the suspension of the two mandates and backfilled with \$1,000 (General Fund) each to maintain them.